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Message Text

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21
ACTION EA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-05

SP-02 SS-15 STR-04 TRSE-00 FRB-01 OPIC-06 XMB-04 PA-02

PRS-01 USIA-15 /116 W
---------- 024961
R 130430Z MAR 75
FM AMCONSUL PORT MORESBY
TO SECSTATE WASHDC 362
INFO AMEMBASSY CANBERRA
AMEMBASSY TOKYO
AMCONSUL SYDNEY

UNCLAS PORT MORESBY 0223

PASS COMMERCE, EXIM BANK AND OPIC

E.O. 11652: N/A
TAGS: ENGR, BEXP, PP
SUBJECT: PURARI HYDROELECTRIC SCHEME MOVES FORWARD

1. SUMMARY: THE MUCH DISCUSSED PURARI HYDROELECTRIC SCHEME MOVED FORWARD DURING THE FIRST WEEK IN MARCH. WHILE A TRI-PARTITE AGREEMENT BETWEEN THE GPNG AND THE GOVERNMENTS OF AUSTRALIA AND JAPAN HAS NOT YET BEEN SIGNED, FIRST STEPS ARE NOW BEING TAKEN ON THE FEASIBILITY STUDY FOR THE FIRST AUSTRALIAN DOLS 600 MILLION DAM AND HYDROELECTRIC COMPLEX. JAPANESE ENGINEERS HAVE BEEN AT THE WABO SITE A MONTH CARRYING OUR PREPARATORY WORK AND ARE WAITING FOR THE QTE ALL CLEAR UNQTE. END SUMMARY.

2. AFTER DISCUSSIONS REACHING BACK MORE THAN TWO YEARS, THE DEVELOPMENT PROGRAM TO PLACE UP TO TEN DAMS AND
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DYDROELECTRIC STATIONS IN THE PURARI RIVER BASIN

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FINALLY IS APPROACHING THE TAKE OFF STAGE. THE GOVERN-
MENTS OF PAPUA NEW GUINEA, AUSTRALIA AND JAPAN RECENTLY
AGREED TO FUND A AUSTRALIAN DOLS 6 TO 8 MILLION FEASABILITY
STUDY FOR THE FIRST DAM AT WABO TOGETHER WITH UTILISATION
OF THE POWER WHICH WOULD BE GENERATED.

3. WABO IS SITUATED 250 MILES WEST OF PORT MORESBY AND
ABOUT 60 MILES INLAND FROM THE GULF OF PAPUA. IT WILL BE
THE FIRST MAJOR DEVELOPMENT PROJECT IN THE AREA AND HAS
VAST RAMIFICATIONS BOTH FOR THE PAPUA PART OF PAPUA NEW
GUINEA AND THE ECONOMY AS A WHOLE. ATTITUDES DIFFER
MARKEDLY REGARDING THE DESIRABILITY OF SUCH AN ENORMOUS
UNDERTAKING, BUT THE GOVERNMENT OF PNG HAS OPTED FOR THE
PROBLEMS WHICH WILL BE GENERATED BY THE SCHEME RATHER
THAN SEE THIS NEGLECTED AREA OF THE COUNTRY REMAIN
OUTSIDE THE CURRENTS OF CHANGE AFFECTING SO MANY OTHER
PARTS OF PNG.

4. THE WABO COMPLEX WILL COST AUSTRALIAN DOLS 600 MILLION
AND IS EXPECTED TO GENERATE 1800 MEGAWATTS OF ELECTRICITY.
THE TOTAL PURARI PROJECT IS ESTIMATED TO COST AUSTRALIAN
DOLS 3 BILLION TO AUSTRALIAN DOLS 9 BILLION WITH POWER
OUTPUT ESTIMATED AT 9,000 TO 11,000 MEGAWATTS. COMPLETE
DEVELOPMENT WILL TAKE MANY YEARS AND DEPENDS ON MANY
FACTORS, NOT LEAST THE NEED TO ATTRACT MAJOR ENERGY INTENSIVE
INDUSTRIES, CONTROL OF POLLUTION, AND CREATION OF
ADEQUATE PORT FACILITIES AND OTHER INFRASTRUCTURE IN SOME
EXTREMELY DIFFICULT TERRAIN.

5. A NUMBER OF ENERGY INTENSIVE INDUSTRIES HAVE ALREADY
RECEIVED CONSIDERABLE ATTENTION. THESE INCLUDE A URANIUM
ENRICHMENT PLANT, A COPPER AND ALUMINIUM SMELTER FOR
COPPER IN PNG AND ALUMINIUM IN AUSTRALIA AND THE BRITISH
SOLOMON ISLANDS, AND POSSIBLY DEVELOPMENT OF A FERTALIZER
INDUSTRY USING NATURAL GAS RESOURCES IN THE AREA. NIPPON
KOEI, THE JAPANESE FIRM, DID THE QTE PRE-STUDY UNQTE WHICH
IS PROMPTING NOW THE MORE EXTENSIVE SURVEY. IT HAS REPORT-
EDLY HELD DISCUSSIONS WITH INTERESTED PARTIES.

6. THE FEASIBILITY STUDY WILL TAKE APPROXIMATELY TWO
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YEARS AND POWER GENERATION IS EXPECTED IN 1984. CON-
STRUCTION WILL EMPLOY 6,000 WORKERS WITH A STAFF OF
300 FOR OPERATION. INVOLVED IN THE STUDY WILL BE CON-
SIDERATION OF THE IMPACT MADE ON THE AREA WHICH HAS A
RELATIVELY SMALL POPULATION OF 20,000. SOME CONCERN
HAS BEEN VOICED BY RESIDENTS AND OFFICIALS. IN A
DEPARTMENT OF FINANCE SUBMISSION TO THE URBAN MINIMUM
WAGES BOARD IN LATE AUGUST 1974, IT WAS NOTED THE

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VOLUME OF RAW MATERIAL NEEDED BY INDUSTRIES USING THE PURARI POWER WOULD CAUSE WASTE DISPOSAL PROBLEMS. THIS COULD IMPOSE LIMITS ON THE SIZE OF THE INDUSTRIAL COMPLEX PLANNED. FOR EXAMPLE, AN ALUMINIUM SMELTING WORKS WOULD COST ABOUT AUSTRALIAN DOLS 550 MILLION, EMPLOY 3,000 PEOPLE AND USE 1,200,000 TONS OF RAW MATERIAL A YEAR. A FERRO ALLOYS INDUSTRY WOULD COST AUSTRALIAN DOLS 99 MILLION, EMPLOY 860 PEOPLE AND USE ABOUT 1,290,000 TONS OF RAW MATERIAL A YEAR ACCORDING TO THE REPORT.

7. APPROXIMATELY 1,000 PEOPLE ARE LIVING ON THE ACTUAL DAM SITE AND SEVERAL THOUSAND OTHERS MAY BE AFFECTED BY FLOODING. A NUMBER OF LETTERS TO THE LOCAL NEWSPAPER, THE POST-COURIER, SUGGEST A GREAT FEAR THE CENTRAL GOVERNMENT IS INTERESTED SOLELY IN THE DEVELOPMENT OF SUCH A VAST PROJECT AND HAS LITTLE CONCERN FOR THE DISLOCATIONS FLOWING FROM IT. A PURARI ACTION GROUP HAS BEEN FORMED TO ORGANIZE DISSIDENTS.

8. COMMENT: IT REMAINS TO BE SEEN HOW MUCH INFLUENCE THE DISSIDENT GROUP AND SYMPATHISERS WILL HAVE. ALTHOUGH SOME HAVE CALLED FOR SMALL SCALE AGRICULTURAL DEVELOPMENT RATHER THAN THE ONE PRESENTLY ENVISAGED, THERE SEEMS LITTLE DOUBT THAT AT LEAST THE FIRST INSTALLATION AT WABO WILL BE ERECTED. END COMMENT.
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